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18 JUL 1949

The Honorable John L. McClellan
Chairman
Committee on Expenditures in the
Executive Departments
United States Senate
Washington 25, D. C.

Dear Mr. Chairman:

This is in response to your letter requesting information relative to the application of various recommendations and textual discussions concerning the Central Intelligence Agency contained in the reports of the Commission on Organization of the Executive Branch of the Government. Because of the nature of the work of this Agency, I am sure you will understand the difficulties in giving any detailed public report of this nature while still maintaining essential security. However, I believe that I can make certain general statements which will be responsive.

The Central Intelligence Agency was established by the National Security Act of 1947 (P.L. 253, 80th Congress). This Act placed the Agency under the direction of the National Security Council, and the Commission has agreed that it is properly so placed. The Congress has now passed the Central Intelligence Agency Act of 1949 (P.L. 110, 81st Congress), which gives the Agency the administrative authorities it needs to carry out the functions assigned to it by the National Security Act of 1947. In addition, this new Act is most important to us in the development of the career foreign intelligence service for the Government, which is so vital to the Agency's successful performance of its assigned missions.

Recommendation No. 4c. of the Hoover Commission report on The National Security Organization is "That vigorous steps be taken to improve the Central Intelligence Agency and its work". These steps, we feel, are being taken, and will continue to be taken in the future. In this connection, I invite your attention to paragraph 5 of the comments of the Executive Secretary of the National Security Council, contained in his letter to you dated 22 June 1949. He states:

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"Last year the Council employed a special group of consultants from outside the Government to survey the Central Intelligence Agency and related intelligence problems and report its findings to the Council.

"The Council has considered this survey, has taken some indicated steps for improvement, and presently has under advisement additional steps to improve the Central Intelligence Agency and national organization for intelligence."

One particular weakness which was underlined by the Task Force Report on the National Security Organization (Appendix G, pp. 20 and 77) was in the field of scientific and medical intelligence. This criticism, which was justified, was anticipated and met by creating a special Office within the Agency, under an Assistant Director whose sole responsibility lies in the field of scientific and medical intelligence. As Assistant Director, we were most fortunate to secure an outstanding scientist, with a long and distinguished career both in the field of applied science and medical research. In addition, the Central Intelligence Agency Act of 1949 (P.L. 110, 81st Congress, Sec. 9) authorizes the establishment within the Agency of three P-9 positions for those scientific intelligence functions which require the services of specially trained scientific personnel.

Further criticism has been indicated of relationships among the various intelligence agencies throughout the Government and in the production of intelligence estimates. You may be assured that these problems are being considered on a daily basis, with thought to their continual improvement.

In your letter, you note that your Committee is particularly interested in recommendations in the field of general and personnel management, administrative services, and budgeting and accounting.

Great strides forward in the general field of administrative services are anticipated with the passage recently of The Federal Property and Administrative Services Act of 1949. While an exemption has been granted this Agency under Sec. 502 (d)(17) of this Act, we are complying with its provisions wherever possible. As we stated in discussions with a member of your Committee Staff during consideration of this Act, this Agency has some very special problems in the field of procurement, which, because of the nature of our work, require that special means of procurement be taken. Normal procurement channels and methods

cannot always be followed for reasons of security. In addition, Sec. 3 of the Central Intelligence Agency Act of 1949 extends to us certain authorities contained in the Armed Services Procurement Act of 1947.

We have given careful study to the Hoover Commission reports in the fields of personnel and general management, and budget and accounting. We maintain a small management staff engaged in constant survey and review of Agency activities. Their mission is the prevention of overlapping of functions and the establishment of organization structure and personnel authorizations on the basis of maximum production with minimum personnel.

We feel that this has produced excellent results so far. As I stated above, we are trying to build a career service in intelligence which shall be second to none. At the same time we are endeavoring to keep administrative costs at a minimum, for administrative costs can only be met at the expense of operational activities after a certain minimum has been reached. We are pleased to find, however, that many of the Commission's recommendations were already in practice here in administrative fields.

I trust that the above comments will be helpful to you, and if there is anything further we can do to assist you please do not hesitate to call upon me.

Sincerely yours,

H. H. Hillenkoetter

R. H. HILLENKOETTER
REAR ADMIRAL, USN
DIRECTOR OF CENTRAL INTELLIGENCE

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UNITED STATES SENATE
COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

May 23, 1949

Rear Admiral Roscoe Hillenkoetter
Director of Central Intelligence
Central Intelligence Agency
Washington, D. C.

Dear Admiral Hillenkoetter:

Enclosed herewith are two printed documents based on the reports task force appendixes of the Commission on Organization of the Executive Branch of the Government. These reports have all been referred to this Committee, which has the responsibility for co-ordinating reorganization proposals under the recommendations contained therein.

The Digest of Reports contains staff memorandums briefly summarizing the Commission reports and recommendations relative to jurisdictional aspects of other Senate Committees. The primary responsibility of this Committee is to coordinate across-the-board recommendations designed to improve general management, personnel management, administrative services, and budgeting and accounting. The second document is an Index of the Commission reports.

The Committee is desirous of obtaining a detailed report from your establishment relative to the application of the various recommendations and textual discussions in the Commission reports which affect your establishment, either directly or indirectly, supported by relevant factual information that might be helpful in the consideration of the Commission's proposals.

We are also interested in obtaining from you comments relative to prospective implementation of recommendations contained in such reports, including a summary of administrative actions taken to conform to recommendations, and an analysis of any pending legislation which provides for the effectuation of specific recommendations. It would also be helpful if you would follow the submission of such information with additional data relative to subsequent legislative proposals as submitted to Congress.

The Committee is particularly concerned about reductions in personnel and in operating costs resulting from reorganizations effected. Therefore, we should like to be fully informed as to economies and efficiencies achieved through administrative actions and reorganizations effectuated to accord with the Commission's recommendations.

Thanking you for your cooperation in this matter, I am

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Sincerely yours,
s/ John McClellan Chairman

Enclosures

Document No. 82
Review of this document by CIA has determined that
☒ CIA has no objection to declass
it contains information of CIA
interest that must remain
classified at TS S C
Authority: HR 70-2

☐ It contains nothing of CIA interest
Date 300481 Reviewer

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